

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1734-01  
Bill No.: HB 806  
Subject: Health Care; Health Care Professionals; Medical Procedures & Personnel;  
Licenses–Miscellaneous; DED  
Type: Original  
Date: May 2, 2001

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>
General Revenue	\$0	\$5,610	\$7,041
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0</b>	<b>\$5,610</b>	<b>\$7,041</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>
None	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 5 pages.

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## **FISCAL ANALYSIS**

### ASSUMPTION

Officials from the **Department of Economic Development (DED) - Division of Professional Registration (DPR)** assume the proposed legislation would result in the potential licensure of 171 Naturopathic Physicians, based on an average licensee count for the 13 states in the nation that have licensure for the practice of naturopathic medicine. DPR has projected a fee of \$500 for initial licensure and annual renewal, which would yield revenue of \$85,500. DPR assumes the program will not receive appropriations until FY 2003, at which time licensing would commence. Based on revised cost estimates, **Oversight** assumes the fee could be set at \$350, which would yield revenues of \$59,850.

DPR assumes fees collected would be deposited into the General Revenue Fund and expenses paid would be from the General Revenue Fund, since this proposal establishes no fund for Naturopathic Physicians.

DPR is requesting an additional 1 FTE, consisting a .5 Executive Director and a .5 Licensing Technician to carry out duties generated by this proposal. These staff needs are different than those in a similar previous proposal due to the fact this Advisory Committee is not being placed under an existing licensing board, but will be independent. However, **Oversight** has maintained DPR's staff needs in the similar previous proposal and has calculated costs based on those assumptions. In the similar previous proposal, the DPR stated they would need .75 FTE to carry out the duties generated by the proposal. These would include a .5 Licensure Technician II (.5 FTE at \$24,492 per year) to process applications for licensure, as well as respond to any inquiries relating to the licensure law or rules and regulations and a .25 Investigator II (.25 FTE at \$37,488 per year) to assist in conducting investigations.

Office space for the additional employees is estimated by DPR to cost an additional \$2,700 annually. **Oversight** assumes that any new employees will be located in existing space.

This proposal does not establish any per diem or reimbursement for Advisory Committee members. Therefore, DPR has not included expenses associated with the Committee.

DPR estimates first year postage and printing costs for statute and rule mailings to applicants and for first year start up printing of rules and applications to be \$1,058. It is estimated that postage and printing costs for subsequent years would be \$1,000.

Based on FY 99 complaints for an agency of similar type, the DPR assumes there would be seven complaints each year and that complaints and investigations would not begin until FY 2004. It is estimated that all complaints would require investigation and would entail

ASSUMPTION (continued)

approximately 30 hours of field work, resulting in annual investigative travel expense of \$1,785.

It is assumed the Office of the Attorney General (AGO) would provide approximately 60 hours of assistance per year with rules, opinions and meetings. Based on an hourly cost of \$60.87, the annual total would be \$3,652. Also, it is estimated that one case per year would be forwarded to the AGO for further action, at a cost of \$5,400 per case. It is assumed there would not be any cases until FY 2004.

It is assumed that programming and implementation of a computer licensure program would require eight hours at \$21.65 per hour, for a cost of \$173.

It is assumed a national examination will be utilized for examinations. However, if the Board elects to develop its own examination, the cost is estimated between \$10,000 and \$50,000.

The **Division of Professional Registration** and the **Department of Economic Development** require individual licensing boards to reimburse the administrative sections of the agencies for administrative costs based on the percentage of licensees served by the board, with a minimum of one-half of one percent to be assessed. This board will be assessed the minimum share for their 171 licensees, which amounts to \$10,644 annually.

This bill creates the Missouri Naturopathic Advisory Committee and allows for certification of naturopathic practitioners. Officials from the **Office of the Secretary of State (SOS)** assume the Department of Economic Development will promulgate rules to implement this bill. Based on experience with other divisions, the rules, regulations and forms issued by the Department of Economic Development could require as many as 24 pages in the Code of State Regulations. For any given rule, roughly half again as many pages are published in the Missouri Register in the Code because cost statements, fiscal notes and the like are not repeated in Code. These costs are estimated. The estimated cost of a page in the Missouri Register is \$23.00. The estimated cost of a page in the Code of State Regulations is \$27.00. The actual cost could be more or less than the numbers given. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded or withdrawn.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

ASSUMPTION (continued)

Officials from the **Department of Revenue**, the **Department of Health**, the **Office of Administration - Administrative Hearing Commission**, and the **Office of State Courts Administrator** assume the proposed legislation would have minimal or no fiscal impact on their agencies.

In a similar proposal (SB 327) officials from the **Office of the Attorney General** indicated this legislation would not have a fiscal impact on their agency.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
<b>GENERAL REVENUE FUND</b>			
Revenue—DPR			
License Fees/Renewals	\$0	\$59,850	\$61,646
Costs—DPR			
Personal Service	\$0	(\$22,712)	(\$23,280)
Fringe Benefits	\$0	(\$7,571)	(\$7,759)
Expense & Equipment	\$0	(\$9,378)	(\$3,318)
Other Costs/AGO Costs	<u>\$0</u>	<u>(\$14,579)</u>	<u>(\$20,248)</u>
Total Costs—DPR	\$0	(\$54,240)	(\$54,605)
<b>ESTIMATED NET EFFECT TO GENERAL REVENUE FUND</b>	<b><u>\$0</u></b>	<b><u>\$5,610</u></b>	<b><u>\$7,041</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

This proposal will have a direct fiscal impact on small businesses practicing naturopathy.

DESCRIPTION

This bill requires any person who practices naturopathic medicine to be certified by the Department of Economic Development. Naturopathy is defined as a noninvasive health practice, without the use of surgery or drugs. Naturopathy consists of assessment, education,

DESCRIPTION (Continued)

counseling and natural health remedies, including the use of foods, vitamins, herbs, and homeopathic remedies, among other treatments.

The bill prohibits naturopathic practitioners from prescribing or dispensing controlled substances, performing surgery, practicing emergency medicine, holding themselves out as physicians, engaging in any sexual contact with their clients, falsely advertising, and splitting fees. Nothing in the bill restricts the operation of health food stores.

The bill creates a naturopathic client bill of rights. The bill of rights must include the practitioner's name, address, title, phone number, degrees, training and experience, and a disclosure stating that the state has not adopted standards for the certification of naturopaths. Prior to receiving treatment, all clients must sign a statement attesting they understand the client bill of rights.

The bill creates the Missouri Naturopathic Advisory Committee to assist the department in the conducting of examinations, advise the department, review complaints and investigations, and make recommendations. The Committee is created with five members to be appointed by the Department. With exception of the initial appointees, members will hold office for six years.

The proposed legislation contains a severability clause.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements. This proposal will affect Total State Revenue.

SOURCES OF INFORMATION

Department of Economic Development - Division of Professional Registration  
Office of Administration - Administrative Hearing Commission  
Office of the Secretary of State  
Department of Health  
Department of Revenue  
Office of the Attorney General  
Office of State Courts Administrator



Jeanne Jarrett, CPA  
Director  
May 2, 2001